

Retirement Administration Agency

Retirement Administration Agency

► Agency Mission

To assure the successful financial and administrative operation of the three Fairfax County employee retirement systems (Fairfax County Employees' Retirement (formerly Supplemental), Uniformed and Police Officers), to accurately process payments of the Retiree Health Benefits Fund, and to provide comprehensive information regarding retirement plan benefits to all active employees and retirees covered by County retirement plans.

► Trends/Issues

Under the terms of the Fairfax County Code, the Board of Trustees of each retirement system is responsible for the proper operation of the respective System and for making effective the specific provisions included in the Code. The Boards of Trustees rely on the staff of the Retirement Administration Agency for day to day operations and for implementing the policies and procedures they establish. Agency staff also coordinates the activities of outside professionals and consultants employed by the Boards. All expenses related to the operation of the Retirement Systems, including Agency staff, are paid by the Retirement Systems.

In addition, the Retirement Agency administers the payment of retiree health benefit subsidies and the collection of premiums. This Agency function is not the responsibility of the Boards of Trustees and the expenses are not paid by the Retirement Systems. In this capacity, the Agency acts as a service provider for the Human Resources Department.

Summary statistics for the Retirement Systems are as follow:

	Employees'	Police Officers	Uniformed	Total
Active Members (6/30/00) - County	7,824	1,115	1,570	10,509
Active Members (6/30/00) - Schools	5,220			5,220
Retirees/Beneficiaries (6/30/00)	3,757	583	589	4,929
Employer Contributions Rates %	6.12%	21.79%	18.93%	N/A
Employer Contributions FY 2001 \$				
County	\$21,993,157	\$17,149,427	\$18,818,351	\$57,960,935
Schools	\$7,967,827			\$7,967,827
Employee Contribution Rate	4%/5.33%	12%	7.08%	N/A
Employee Contributions FY 2001	\$22,135,856	\$8,004,742	\$6,441,994	\$36,582,592

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	Employees'	Police Officers	Uniformed	Total
Benefit Payments/Refunds (annual)	\$67,101,886	\$22,121,708	\$18,714,280	\$107,937,874
Assets (Market Value) (6/30/00)	\$1,836 million	\$622 million	\$657 million	\$3,115 million
Actuarial Funding Level (6/30/00)	100.2%	96.9%	101.6%	99.9%

All three Systems have grown substantially in recent years both in terms of number of retirees and in size of assets. With the strong investment markets of the 1990's, the Systems have achieved excellent actuarial funding ratios. The County has a strong history of paying 100 percent of the actuarially required contributions each year.

The results of a consultant-led review of the retirement systems during FY 2001 showed that retirement benefits were in the top quartile of comparative jurisdictions in the area. The same study reported that retiree health insurance benefits were in the bottom quartile.

Looking forward, major activities for staff include working with the Boards of Trustees and County management to follow on the recommendations of the consultant for adoption of retirement benefit policies and to identify solutions to the competitive position of retiree health benefits.

Also, as the assets of the system have grown and funding ratios are at or approaching 100 percent, the volatility of annual investment results will result in increased volatility of the employer contribution rate under the current funding policy. Staff, Trustees, and the Systems' actuary have been reviewing alternative methods for determining the required annual employer contributions to further reduce the impact of fluctuations in investment returns and at the same time provide for proper funding of the Systems. This will continue to be a priority for FY 2002.

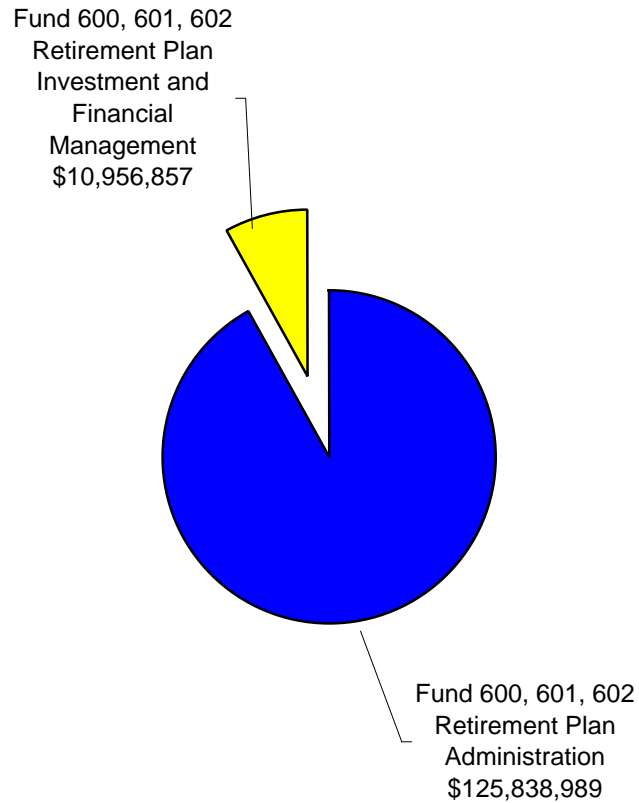
Another priority will be continuing to focus on providing educational resources and opportunities for the Trustees.

► Summary of All Agency CAPS

CAPS Number	CAPS Title	CAPS Net Cost	CAPS Number of Positions/SYE
600-01	Fund 600, 601, 602 Retirement Plan Administration	(\$207,538,583)	15/15.5
600-02	Fund 600, 601, 602 Retirement Plan Investment and Financial Management	\$0	5/4.5
TOTAL Agency		(\$207,538,583)	20/20

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Retirement Trust Funds



Total FY 2002 Adopted Budget Expenditures = \$136,795,846

Total FY 2002 Adopted Budget Net Cost = (\$207,538,583)